

***Via Hand Delivered***

March 1, 2005

Mary L. Cottrell, Secretary  
Dept. of Telecommunications and Energy  
1 South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

Re: Colonial Gas Company d/b/a KeySpan Energy Delivery New England  
2004 Service Quality Annual Report D.T.E. 05-18

Dear Ms. Cottrell:

Enclosed is the Colonial Gas Company's ("Colonial Gas" or "Company") 2004 annual service quality report.<sup>1</sup> This report is submitted in accordance with the Department of Telecommunications and Energy's (the "Department") order in Service Quality Standards for Electric Distribution and Local Gas Distribution Companies, D.T.E. 99-84 (2001). The results of the report demonstrate that Colonial Gas' aggregate service quality performance for 2004 results in a penalty of forty thousand six hundred five dollars (\$40,605.00). The Company plans to refund this penalty amount to Colonial Gas Company's customers through the 2005 Off-Peak Local distribution Adjustment Factor Charge.

As requested by the Department in its February 25, 2004 memo to gas and electric distribution companies, the Company's report contains three sections. Section one is a summary of the Company's 2004 performance. Section two contains available historical performance since 1995. Section three contains back-up data and supporting schedules used in calculating the Company's performance.

Please note that, similar to 2002 and 2003, the employee count number reported for 2004 represents the total number of KeySpan Massachusetts' employees. Due to changes in the organizational structure of the business following the merger between KeySpan Corporation and Eastern Enterprises, many former Colonial Gas Company employees, as well as former employees of Boston Gas Company, Essex Gas Company and new hires

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<sup>1</sup> Non-penalty measure performance and financial data should be treated as preliminary in nature and may be updated with the filing of the Company's D.T.E. annual return.

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since the time of the merger are now assigned to KeySpan Corporate Services, L.L.C. and available to perform services for any or all of those organizations. Thus, an accurate head count of Colonial Gas employees for comparison to previous year's employee counts is not available and would not be meaningful.

Please contact me if you need anything further.

Very truly yours,

Thomas P. O'Neill

TPO/ca  
Enclosures

Cc: George Yiankos, Director of Gas Division  
Kevin Brannelly, Director of Rates & Revenue Requirements  
Karen Robinson, Director of Consumer Division  
Jody Stiefel, Hearing Officer